

Report
of the
Examination of
CMG Mortgage Insurance Company
Madison, Wisconsin
As of December 31, 2002

TABLE OF CONTENTS

	Page
I. INTRODUCTION.....	1
II. HISTORY AND PLAN OF OPERATION.....	3
III. MANAGEMENT AND CONTROL	6
IV. AFFILIATED COMPANIES	10
V. REINSURANCE	20
VI. FINANCIAL DATA.....	21
VII. SUMMARY OF EXAMINATION RESULTS	31
VIII. CONCLUSION.....	36
IX. SUMMARY OF COMMENTS AND RECOMMENDATIONS.....	37
X. ACKNOWLEDGMENT	38



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Jim Doyle, Governor
Jorge Gomez, Commissioner

Wisconsin.gov

October 28, 2003

125 South Webster Street • P.O. Box 7873
Madison, Wisconsin 53707-7873
Phone: (608) 266-3585 • Fax: (608) 266-9935
E-Mail: information@oci.state.wi.us
Web Address: oci.wi.gov

Honorable Alfred W. Gross
Chairman, Financial Condition (E)
Committee, NAIC
Commissioner of Insurance
Commonwealth of Virginia
Tyler Building
Post Office Box 1157
Richmond, Virginia 23218

Honorable John Morrison
Secretary, Western Zone, NAIC
Commissioner of Insurance
State of Montana
840 Helena Avenue
Helena, Montana 59601

Honorable Jorge Gomez
Commissioner of Insurance
State of Wisconsin
125 South Webster Street
Madison, Wisconsin 53702

Commissioners:

In accordance with your instructions, a compliance examination has been made of
the affairs and financial condition of:

CMG MORTGAGE INSURANCE COMPANY
MADISON, WISCONSIN

and this report is respectfully submitted.

I. INTRODUCTION

The previous examination of the CMG Mortgage Insurance Company (also, "the company" or "CMG") was conducted in 2001, as of December 31, 1999. The current examination covered the intervening period ending December 31, 2002, and included a review of such 2003 transactions as deemed necessary to complete the examination.

The examination consisted of a review of all major phases of the company's operations, and included the following areas:

- History
- Management and Control
- Corporate Records
- Conflict of Interest
- Fidelity Bonds and Other Insurance

Employees' Welfare and Pension Plans
Territory and Plan of Operations
Affiliated Companies
Growth of Company
Reinsurance
Financial Statements
Accounts and Records
Data Processing

Emphasis was placed on the audit of those areas of the company's operations accorded a high priority by the examiner-in-charge when planning the examination. Special attention was given to the action taken by the company to satisfy the recommendations and comments made in the previous examination report.

The section of this report titled "Summary of Examination Results" contains comments and elaboration on those areas where adverse findings were noted or where unusual situations existed. Comments on the remaining areas of the company's operations are contained in the examination work papers.

The company is annually audited by an independent public accounting firm as prescribed by s. Ins 50.05, Wis. Adm. Code. An integral part of this compliance examination was the review of the independent accountant's work papers. Based on the results of the review of these work papers, alternative or additional examination steps deemed necessary for the completion of this examination were performed. The examination work papers contain documentation with respect to the alternative or additional examination steps performed during the course of the examination.

II. HISTORY AND PLAN OF OPERATION

CMG Mortgage Insurance Company was incorporated December 30, 1980, under the name TIMIC Mortgage Insurance Company ("TIMIC"), as a mortgage guaranty insurer domiciled in the State of Illinois. TIMIC was initially established as a subsidiary of the Continental Equivest Inc. holding company. Effective December 31, 1981, TIMIC merged with Investors Mortgage Insurance Company ("old IMI"), an Illinois domiciled mortgage guaranty insurer. TIMIC was the surviving corporate entity from the 1981 merger, and, concurrently with the merger, the name of the company was changed to Investors Mortgage Insurance Company ("IMI"). Ownership and control of IMI was acquired by Investors Mortgage Insurance Holding Company ("IMIHC") effective October 31, 1986.

The company discontinued writing new policies of insurance and became a dormant insurer in run-off in 1987. Effective April 14, 1994, all of the outstanding capital stock of the company was purchased by CUNA Mutual Investment Corporation ("CMIC"), a wholly owned subsidiary of CUNA Mutual Insurance Society ("CMIS"). Concurrent with CMIC's acquisition of IMI, the name of the company was changed to CMG Mortgage Insurance Company, the name presently used by the company.

On June 23, 1994, CMIC and PMI Mortgage Insurance Co. ("PMI"), a subsidiary of The PMI Group, Inc. ("TPG"), entered into an arrangement for the joint ownership of CMG, with PMI purchasing from CMIC 45% of the outstanding capital stock of CMG. Effective September 8, 1994, CMIC and PMI entered into a CMG Shareholders Agreement that established a strategic alliance between CMIC and PMI for governance of their joint management and operation of CMG. PMI purchased from CMIC 200,000 additional shares of CMG capital stock in 1998, the purchase increasing PMI's ownership of CMG to 50% of CMG's capital stock.

CMIC and PMI each own a 50% interest in the capital stock of each of the three CMG mortgage guaranty insurers, including CMG, CMG Mortgage Reinsurance Company ("CMG Re"), and CMG Mortgage Assurance Company ("CMGA"). The objective of the CMG joint venture between CMIC and PMI was to establish a strategic alliance to offer mortgage guaranty insurance products and services to credit unions that originate residential mortgage loans. The

strategic alliance was undertaken to combine and employ the expertise of the two parent organizations, with PMI contributing its specialized knowledge and business systems for mortgage guaranty insurance operations, and with CMIC having close business association with and specialized knowledge of the credit union industry. The CMG mortgage insurance companies do not have their own employees, and their operating functions are provided by affiliated companies within the two parent holding company organizations, pursuant to numerous affiliated services agreements. Further discussion of affiliated relationships and affiliated services agreements is included in the section of this report captioned "Affiliated Companies."

CMG resumed writing new business in 1994, and redomiciled from Illinois to Wisconsin effective November 30, 1994. CMG is currently licensed in all 50 states, the District of Columbia and Puerto Rico. In 2002, the company wrote direct premium in the following states:

	Premiums	Percent
California	\$ 5,695,498	11.5%
Florida	3,193,814	6.5
Virginia	2,909,361	5.9
New York	2,586,900	5.2
Wisconsin	2,337,054	4.7
Washington	2,330,318	4.7
Texas	2,066,887	4.3
All others	<u>28,365,558</u>	<u>57.2</u>
Total	<u>\$49,485,390</u>	<u>100.0%</u>

CMG writes primary mortgage guaranty insurance products, issuing policies to insure first-lien residential mortgage loans that are originated by credit unions or credit union organizations to credit union members. Primary mortgage guaranty insurance provides mortgage loan default protection to loan origination lenders on individual loans. The insurance covers unpaid loan principal, delinquent interest and certain expenses associated with loan default and subsequent foreclosure in the event that the borrower defaults on an insured loan.

The company's insurance policies cover mortgage loans on owner occupied one-to-four family homes. Mortgage guaranty insurance coverages may not be terminated by a mortgage insurer except in the event of non-payment of premiums, and mortgage guaranty policies remain renewable at the option of the insured lender. An insured lender may elect to

cancel insurance coverages at any time, upon the repayment or termination of the insured loan or upon the mortgage borrower's attainment of sufficient equity in the insured property.

CMIC and PMI are parties to a Capital Support Agreement whereby each parent agreed to make capital contributions to CMG's policyholder surplus, to ensure that CMG's risk to capital ratio is maintained at not greater than 18 to 1 at the end of each calendar quarter. The agreement specifies that neither CMIC nor PMI will be obligated to make such capital contributions to CMG involuntarily if that contribution, aggregated with prior additional capital contributions, exceeds a total for the two parent companies of \$30 million.

The following table is a summary of premiums written by the company in 2002. The growth of the company is discussed in the Financial Data section of this report.

Line of Business	Direct Premium	Reinsurance Assumed	Reinsurance Ceded	Net Premium
Mortgage guaranty	<u>\$49,485,390</u>	<u>\$0</u>	<u>\$3,978,451</u>	<u>\$45,506,939</u>
Total All Lines	<u>\$49,485,390</u>	<u>\$0</u>	<u>\$3,978,451</u>	<u>\$45,506,939</u>

III. MANAGEMENT AND CONTROL

Board of Directors

The board of directors consists of eight members. Directors are elected annually to serve a one-year term. Officers are elected at the board's annual meeting.

Each member of the CMG board of directors is a senior executive in one of the two immediate parent companies, CMIC and PMI, and may also serve as an executive or a director of one or more additional companies within the respective holding companies. CMIC and PMI each have the right to designate the same number of directors to the board of CMG, and to vote their respective shares in favor of their respective designees. As provided in the CMG, CMG Re, and CMGA Shareholders Agreements, each director of CMG also serves as a director of CMG Re and of CMGA, and the boards of directors of the three CMG mortgage guaranty insurers have common membership. The board members currently receive no compensation for serving on the board.

Currently the board of directors consists of the following persons:

Name and Residence	Principal Occupation	Term Expires
Walter E. Campion Danville, CA	Sr. VP, Claims & Loss Mitigation PMI Group	2003
James R. McCourt Sun Prairie, WI	Sr. VP, Claims & Loss Mitigation CUNA Mutual Group	2003
Daniel E. Meylink, Sr. Middleton, WI	Chief Officer, Lending Solutions Group CUNA Mutual Group	2003
Peter Pannes San Anselmo, CA	Sr. Vice President & General Manager CMG Mortgage Insurance Company	2003
Faye A. Patzner Middleton, WI	Chief Legal Officer CUNA Mutual Group	2003
Kathleen R. Schroeder Novato, CA	Sr. Vice President & General Manager CMG Mortgage Insurance Company	2003
Arthur P. Slepian San Francisco, CA	Senior Vice President PMI Capital Corp	2003
Stephen L. Smith Alamo, CA	President & COO PMI Mortgage Insurance Company	2003

Officers of the Company

The officers of CMG Mortgage Insurance Company are appointed by the directors at the annual meeting of the CMG board of directors, to serve a one-year term.

Each officer of CMG is an officer in one of the two immediate parent companies, CMIC and PMI, and may also serve as an officer of one or more additional companies within the respective holding companies. Each officer of CMG also holds the corresponding office in CMGA and in CMG Re, and the three CMG mortgage guaranty insurers have a shared corps of executive officers.

As provided in the CMG, CMG Re, and CMGA Shareholders Agreements, the chairman of the board of directors of CMG also serves as the chairman of the boards of CMG Re and CMGA. The shared board chairmanship of CMG, CMG Re, and CMGA rotates annually between CMIC and PMI designees, and the president of the boards of directors of the CMG mortgage insurance companies shall be a person designated by CMIC.

CMG officers appointed by the board of directors and serving at the time of this examination are as follows:

Name	Office	2002 Compensation
L. Stephen Smith	Chairman of the board	*
Daniel E. Meylink, Sr.	Vice Chairman	*
Michael B. Kitchen	President	*
Donald P. Lofe, Jr.	Treasurer	*
Earl W. Sealy	Secretary	*
James McCourt	Vice President	\$304,876
Peter C. Pannes	Senior Vice President & General Manager	126,149
Kathleen Schroeder	Senior Vice President & General Manager	*
Michael Warner	Vice President – Underwriting & Operations	269,792
Pamela G. Black	Vice President – Information Technology	165,972
Brian Shepherd	Vice President – Sales	179,500

* The executive compensation numbers include the amounts reported on the National Association of Insurance Commissioners (NAIC) Supplemental Compensation Exhibit filed with

this office. The above individuals' 2002 compensation was not reported. This is further discussed in the section of this report captioned "Summary of Current Examination Results."

Committees of the Board

The company's bylaws provide for the formation of one or more standing committees or other committees of the board, to be appointed by the board of directors. The company currently has one standing committee of the board of directors, having the following membership.

Audit Committee

James McCourt, Chair
Arthur Slepian

The Audit Committee is comprised of two members chosen by the board of directors, with equal representation by each of the two joint venture shareholders of CMG. The Audit Committee reviews financial information, systems of internal controls, and the audit process in order to assist the board in its oversight of the company.

Executive Committees Other Than Committees of the Board

CMG bylaws provide that management of company operations shall be conducted by a Management Committee composed of from two to six committee members appointed by the CMG board of directors. The Management Committee functions as a board-appointed executive body that, subject to the overriding authority of the board of directors, has authority to act on all matters related to the day-to-day operation of the company so long as such actions are authorized by the board-approved annual business plan and provided that such actions are not specifically reserved to the board of directors. The Management Committee shall act by the affirmative majority of its members, except that the committee shall act by the unanimous vote of all its members with regard to specific matters of business as enumerated in the bylaws.

Members of the Management Committee need not be members of the board of directors. Historically, the practice of the CMG board has been to appoint two CMG directors, with equal representation by each of the two joint venture shareholders of CMG. The bylaws of CMG Re and CMGA also provide for respective board appointment of a Management Committee executive body, and the Management Committees of CMG, CMG Re, and CMGA have common membership. The CMG Management Committee currently has the following membership:

Management Committee

Peter Pannes

Kathleen Schroeder

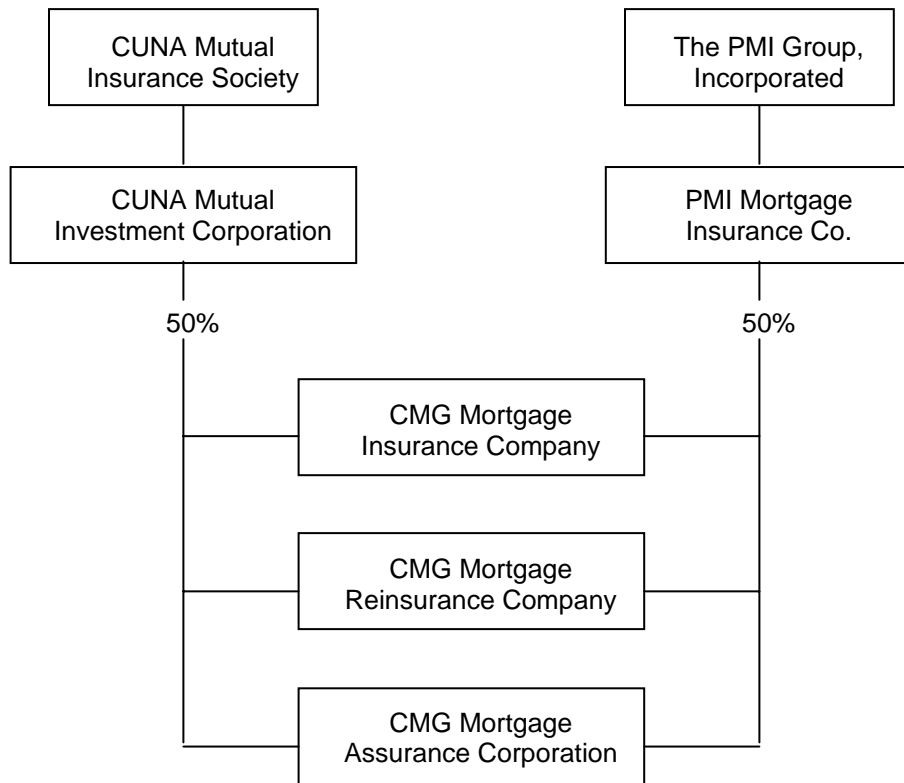
IV. AFFILIATED COMPANIES

CMG Mortgage Insurance Company is a joint venture enterprise, and is a member of two independent holding company systems. The company is jointly owned and controlled by CUNA Mutual Investment Corporation ("CMIC") and PMI Mortgage Insurance Co. ("PMI"), which are in turn wholly owned subsidiaries in the CUNA Mutual Insurance Society ("CMIS") and The PMI Group, Inc. ("TPG"), holding company systems, respectively. CUNA Mutual Insurance Society is a mutual life insurance company domiciled in Wisconsin, and is the holding company parent for the CUNA Mutual Group. The PMI Group, Inc., a corporation domiciled in Delaware and publicly traded on the New York Stock Exchange, is an insurance holding company.

CMIC and PMI each own 50% of the capital stock of CMG, CMG Re, and CMGA, and collectively hold 100% of the equity ownership of each company. CMG's management and operations are conducted pursuant to a joint venture strategic alliance of CMIC and PMI, established by the CMG Shareholders Agreement effective September 8, 1994, by the CMG Re Shareholders Agreement effective May 27, 1999, and by the CMGA Shareholders Agreement effective October 1, 2000. All of the business operation functions of the CMG mortgage guaranty insurers, including personnel, legal and administrative services, premium billing and receipt, policy issuance and administration, claims processing and adjudication, asset management and investment, and general accounting and financial reporting operations, are provided to the companies by affiliates from within the CMIS and PMI holding companies, through the provisions of various affiliated services agreements.

The following organizational chart depicts the holding company relationships among the significant affiliates of the company. A brief description of the significant affiliates of CMG follows the organizational chart, which is followed by a summary of the service agreement relationships between the company and its affiliates.

**Organizational Chart
As of December 31, 2002**



CUNA Mutual Insurance Society (CMIS)

CUNA Mutual Insurance Society and its affiliates provide group and individual life insurance products, accident and health insurance products, and other financial products and services to credit unions, credit union service organizations, and credit union members. CMIS business activities are conducted in all states, the District of Columbia, and in countries and political jurisdictions throughout the world.

As of December 31, 2002, CMIS's audited financial statements reported total admitted assets of \$2.6 billion, total liabilities of \$2.1 billion and policyholders' capital and surplus of \$500 million. Operations for 2002 produced net income of \$8.4 million on revenues of \$1.5 billion.

CUNA Mutual Investment Corporation (CMIC)

CUNA Mutual Investment Corporation is the holding company for United States based companies in the CUNA Mutual Group. The subsidiaries held by CMIC include 100% ownership of Members Life Insurance Company (a Wisconsin life and health insurer) and CUMIS Insurance Society, Inc. (a Wisconsin property and casualty insurer), 100% ownership of insurance agencies that support the activities of the CUNA Mutual Group, and 50% ownership in each of the three insurers in the CMG Mortgage Insurance Group.

As of December 31, 2002, CMIC's unaudited financial statements reported total assets of \$514 million, total liabilities of \$40 million, and total stockholders' equity of \$474 million. Operations for 2002 produced a net loss of \$20 million after distributing the equity share of affiliated earnings and taxes.

The PMI Group, Inc. (TPG)

The PMI Group, Inc. is an insurance holding company organized in December, 1993 pursuant to the laws of the State of Delaware. TPG was originally a wholly owned subsidiary of Allstate Insurance Company (Allstate), an insurance subsidiary of The Allstate Corporation. In an April 18, 1995, initial public offering, Allstate sold 36.75 million shares of TPG common stock, representing 70% ownership interest of TPG. Subsequent to the 1995 public offering of TPG, Allstate divested all of its remaining 30% ownership interest in TPG through an exchange of 12.9 million shares of TPG common stock to redeem outstanding Allstate exchangeable notes, and through the sale of 2.8 million shares of TPG common stock that remained in Allstate ownership following the Allstate exchange note redemptions.

Through its subsidiary PMI, TPG provides private mortgage insurance to mortgage lenders in the United States. Other TPG subsidiaries provide mortgage guaranty reinsurance, private mortgage insurance in Australia and New Zealand, home finance industry risk management products and services, and title insurance.

As of December 31, 2002, TPG's audited financial statements reported total assets of \$3.5 billion, total liabilities of \$1.3 billion, and shareholders' equity of \$2.2 billion. Operations for 2002 produced net income of \$346 million on revenues of \$1.1 billion.

PMI Mortgage Insurance Co. (PMI)

PMI Mortgage Insurance Co. was incorporated November 10, 1972, as an Arizona stock mortgage guaranty insurance company. From 1973 until 1994, PMI was a wholly owned subsidiary of Allstate Insurance Company. Effective November 28, 1994, Allstate contributed all of the outstanding capital stock of PMI to TPG.

PMI writes residential mortgage guaranty insurance, providing primary insurance coverage on first lien mortgage loans and, beginning in 1997, providing a government sponsored mortgage pool insurance product that is used as an element of credit enhancement for secondary market mortgage loan securities transactions. PMI is licensed to engage in mortgage guaranty insurance in all fifty states and in the District of Columbia.

As of December 31, 2002, PMI's audited statutory financial statements reported total admitted assets of \$2.7 billion, total liabilities of \$2.4 billion, and policyholders' capital and surplus of \$267 million. Operations for 2002 produced net income of \$353 million on premium revenues of \$550 million.

CMG Mortgage Reinsurance Company (CMG Re)

CMG Mortgage Reinsurance Company was incorporated May 27, 1999, as a jointly owned subsidiary of CMIC and PMI. CMG Re is authorized as a mortgage guaranty insurer, licensed solely in the State of Wisconsin. CMIC and PMI each contributed initial capital of \$1.5 million to CMG Re in 1999, and CMG Re commenced business August 26, 1999. CMG Re was established to assume from CMG Mortgage Insurance Company mortgage loan reinsurance coverages of up to 25% of individual mortgage loans written on a direct basis by CMG, the CMG Re coverages being excess of coverages for up to 25% of each insured mortgage loan that are retained by CMG.

As of December 31, 2002, CMG Re's audited statutory financial statements reported total admitted assets of \$8.1 million, total liabilities of \$4.1 million, and policyholders' capital and surplus of \$4.0 million. Operations for 2002 produced net income of \$326 thousand on revenues of \$2.7 million.

CMG Mortgage Assurance Company (CMGA)

CMG Mortgage Assurance Company was originally organized in 1969 as a California domiciled mortgage guaranty insurer, under the name Investors Mortgage Insurance Company of California. The name was changed to Investors Equity Insurance Company, Inc. (IEIC), effective September 23, 1980. In December 1981, CMG acquired control of 100% of the capital stock of IEIC when IEIC's parent merged into CMG. IEIC ceased writing new business in 1986. In 1994, following CMIC's acquisition of CMG, CMG paid to CMIC an extraordinary dividend consisting of 100% of the capital stock of IEIC. In 1999, IEIC changed its name to CMG Mortgage Assurance Company, and on June 1, 2000, CMGA redomiciled from California to Wisconsin.

Effective October 1, 2000, PMI purchased from CMIC 50% of the capital stock of CMGA, and CMGA became a jointly owned subsidiary of CMIC and PMI. CMGA is licensed as a mortgage guaranty insurer. The joint venture ownership of CMGA was established to provide insurance coverages on junior lien second-mortgage loans issued by credit unions to their credit union members. CMGA began writing business on these coverages in the third quarter of 2001.

As of December 31, 2002, CMGA's audited statutory financial statements reported total admitted assets of \$9.4 million, total liabilities of \$1.1 million, and policyholders' capital and surplus of \$8.3 million. Operations for 2002 produced a net loss of \$18,031 on revenues of \$46,349.

Affiliated Agreements

As previously described, each of the three CMG mortgage guaranty insurers is organized as a joint venture enterprise by CMIC and PMI, with each parent organization having responsibility for specified portions of the operations and management of CMG, CMG Re, and CMGA. The rights and responsibilities of affiliates who participate in the joint venture are formalized in agreements between CMIC and PMI (and their affiliates) and each respective CMG mortgage insurance company. Affiliated agreements that pertain to CMG are summarized as follows.

PMI Services Agreement

Pursuant to the PMI Services Agreement effective September 8, 1994, PMI provides the following services:

1. General Management—management assistance in accordance with the Shareholders Agreement, including but not limited to services of specified management personnel,
2. Specialized Services, including:
 - a. Underwriting, including individual loan underwriting, underwriting analysis, and setting of underwriting policy,
 - b. Claims Processing,
 - c. Actuarial Services,
 - d. Administration of Reinsurance, and
 - e. Contract Underwriting Services, provided through PMI Mortgage Services Company.
3. General Services, including:
 - a. Customer Service (including certificate issuance, premium processing, and policy maintenance),
 - b. Computer Systems and Support,
 - c. Accounting Services,
 - d. Sales Support, Training, and Product Development,
 - e. Facilities Management and Administration, and
 - f. Legal and Government Relations.

In compensation to PMI for services provided, CMG pays to PMI a quarterly service fee based on actual cost of services. The agreement includes detailed performance standards for PMI services. The agreement is continuous until the termination of the CMG Shareholders Agreement. CMG or PMI may terminate the agreement if the other party is in material default for sixty days following notice of default.

This agreement was restated and filed with the OCI in 2003. The restatement changed the term for settlement from quarterly to monthly. In addition, claims processing and customer service were no longer included in the agreement. Inquiry during the examination noted the restated agreement should contain clauses related to claims processing and customer service. The company stated that it would amend the agreement to include these provisions and would then file the amended agreement with the OCI.

CMIC Services Agreement

Pursuant to the CMIC Services Agreement effective September 8, 1994, CMIC provides the following services:

1. General Management—management assistance in accordance with the Shareholders Agreement, including but not limited to services of specified management personnel,
2. Sales—CMIC will perform all sales functions for CMG products in the credit union market and will be responsible for all sales decisions in accordance with the CMG business plan,
3. Purchase of insurance coverages, including coverages for directors, officers and employees,
4. Investment Accounting Services,
5. Legal and Government Relations, including those generally related to maintenance of insurance licenses, agent and agency licensing, corporate transactions, and general corporate governance,
6. Human Resources Support, and
7. Federal Income Tax Return Filings.

In compensation to CMIC for services provided, CMG pays to CMIC a quarterly service fee based on actual cost of services. The agreement includes detailed performance standards for CMIC services. The agreement is continuous until the termination of the CMG Shareholders Agreement. CMG or CMIC may terminate the agreement if the other party is in material default for sixty days following notice of default.

This agreement was restated in 2003. The restated agreement no longer included services for Human Resources and Federal Income Tax Return Filings. The term for settlement also changed from quarterly to monthly.

Members Capital Advisors, Inc. Investment Advisory Agreement

Pursuant to the Investment Advisory Agreement, CMG appointed Members Capital Advisors, Inc. (MCA), to act as CMG's sole investment advisor and investment portfolio manager. MCA, a duly licensed registered investment advisor domiciled in the State of Iowa, is 50% owned by CMIC and 50% owned by CUNA Mutual Life Insurance Company (CMLIC), an Iowa domiciled life insurer. CMIS and its affiliates and CMLIC are affiliated through common management and by virtue of an Agreement of Permanent Affiliation effective July 1, 1990.

Specific services provided to CMG by MCA are the following:

1. Makes investment decisions and is responsible for investment and reinvestment of the CMG investment securities portfolio,
2. Performs research, statistical analysis and continuous supervision of the CMG portfolio,

3. Provides to CMG and its agent the information required to prepare and file all necessary statutory statements, tax returns, and any other reports or returns of a regulatory nature,
4. Monitors systems and procedures for proper functioning of all investment activities to ensure compliance with the requirements of applicable federal and state laws, rules, and regulations,
5. Renders any periodic and special reports reasonably requested.

In compensation to MCA for services provided, CMG pays to MCA a monthly service fee based on a fractional percentage of the end-of-month value of securities and cash managed by the advisor. The agreement is continuous until termination of the CMIC Services Agreement between CMG and CMIC. CMG or MCA may terminate the agreement in the event of the default of the other party. If MCA fails to meet the performance standards of the contract, the contract may be terminated by thirty days written notice to MCA given either by CMG or by CMIC.

Trade Name License Agreement

Pursuant to the Trade Name License Agreement, CMIS granted to CMG a royalty-free, non-exclusive right and license in the United States to use the term "CMG," a CUNA Mutual Group trade name, as part of the company's corporate name, corporate trade name, and corporate trademarks and service marks. The agreement establishes requirements and prohibitions on the company's authority to use the term "CMG." The agreement provides that any use of the mark by the company shall inure for the benefit of CUNA Mutual Group, and provides that the company acknowledges the validity of the mark "CMG" and CUNA Mutual Group's exclusive right, title, and interest in the mark. So long as CMG shall make regular commercial use of the authorized trademark, the agreement is continuous until the termination of the CMG Shareholders Agreement or upon CMG's violation of the contract provisions for CUNA's exclusive rights under the contract, CMG's assignment of the contract, or CMG's improper use of the trademark. CMG may terminate the contract upon thirty days written notice.

Software License Agreement

Pursuant to the Software License Agreement, PMI granted to CMG a non-exclusive right to use specified, agreed upon items of computer software that PMI or any member of the PMI Group has the right to license. The contracted software is used by members of the PMI group to perform underwriting or other services, for which PMI either has all right, title and

interest or has the right to license. The agreement provides that use of the software shall be limited to CMG, that the software will be used solely for the processing of CMG's own business which is originated in the credit union system, that CMG shall not modify, adapt, translate, disassemble, decompile, reverse engineer or attempt to derive source code for the software, and that the company shall not make the software available to PMI competitors. CMG may terminate the agreement upon written notice to PMI. PMI may terminate the agreement in the event that CMG or CUNA violates any material provision of the agreement, if CMG ceases operations, or if CMG fails to use the software for any 180-day period.

CMG Reinsurance Services Agreement with CMG Re

Pursuant to the CMG Reinsurance Services Agreement with CMG Re, CMG shall provide to CMG Re general management assistance services, including but not limited to the services of CMG's management personnel, necessary for the operation of the reinsurance business conducted by CMG Re. In compensation to CMG for services provided, CMG Re pays to CMG a quarterly service fee based on actual cost of services. The agreement provides that the performance standards for CMG services shall be that of best efforts and the exercise of the highest degree of professional competence. The agreement became effective May 27, 1999 concurrent with the formation of CMG Re and the adoption of the CMG Re Shareholders Agreement. The agreement may be terminated by either party providing 60 days written notice in the event that CMG Re no longer reinsurers any of CMG's business. Either party may terminate the agreement at any time if the other party is in default for 60 days following written notice of default.

CMG Services Agreement with CMGA

Pursuant to the CMG Services Agreement with CMGA, CMG provides to CMGA various policy administration services pertaining to the insurance policies written and issued by CMGA. Services provided by CMG under the agreement include the following:

1. Issue CMGA certificates of insurance for new business and bill insured for initial premium due,
2. Send renewal notices to CMGA insureds,

3. Collect all CMGA renewal premium checks and supporting materials mailed by insureds, remitting checks to CMGA, and directing CMGA to return to insureds any overpayments, mistaken payments and refunds due to cancellations. CMGA premium collected by CMG is held by CMG as a fiduciary for CMGA,
4. Monitor defaults, mitigate losses utilizing mitigation practices and philosophy in effect, review claims for fraud indicators prior to CMGA payment, and direct CMGA to pay claims,
5. Supply CMGA with monthly reports, including reports of policyholder count showing loans in default and loans current, and claims paid during the month and inception-to-date, and
6. Supply CMGA with all information necessary for preparation of periodic financial statements and for the payment of premium taxes.

In compensation to CMG for services provided, CMGA pays to CMG a quarterly service fee based on actual cost of services. The agreement provides that the performance standards for CMG services shall be that of best efforts and the exercise of the highest degree of professional competence. The agreement became effective October 1, 2000, concurrent with adoption of the CMGA Shareholders Agreement. The agreement may be terminated by either party providing 60 days written notice. Either party may terminate the agreement at any time if the other party is in default for sixty days following written notice of default.

V. REINSURANCE

The reinsurance portfolio and strategy of CMG Mortgage Insurance Company is described below. CMG has one significant active ceding reinsurance agreement, one captive reinsurance agreement that was deemed immaterial by the examiners for purposes of this report, one ceding reinsurance treaty in runoff, and no material ongoing reinsurance assumption agreements. The company's reinsurance contracts contain proper insolvency provisions.

In certain jurisdictions a direct writer of mortgage guaranty insurance is limited to a maximum retention equal to 25% of the indebtedness of the borrower on the insured loan. The CMG ceding reinsurance treaties were undertaken primarily for regulatory compliance purposes, to satisfy the limitations established by various jurisdictions regarding the proportionate amount of risk that a direct writer of mortgage guaranty insurance is permitted to retain for its own account.

The active CMG ceding reinsurance treaty is with CMG Mortgage Reinsurance Company. Pursuant to the treaty, CMG cedes to CMG Re and CMG Re assumes coverages on primary residential mortgage guaranty insurance in excess of 25% of the insured mortgage loan amount, up to the maximum CMG ceded coverage of 25% of the insured mortgage loan amount.

The run-off treaty between CMG and CMG Re became effective July 1, for CMG cession of new business written on or after July 1, 1999, and replaced a prior reinsurance agreement between CMG as direct writer and Residential Guaranty Company ("RGC", an affiliate of PMI) as the reinsurer of a portion of coverages written by CMG. The coverage provisions of the terminated agreement between CMG and RGC were identical to those of the present treaty between CMG and CMG Re. The treaty between CMG and RGC terminated pursuant to the terms of the contract effective June 30, 1999, and will remain in runoff until the CMG gross risk in force on the subject business is reduced to zero.

In 2002, CMG had direct written premium of \$49,485,390, ceded written premiums of \$1,043,265 to RGC, and ceded written premium of \$2,784,365 to CMG Mortgage Reinsurance Company.

VI. FINANCIAL DATA

The following financial statements reflect the financial condition of the company as reported in the December 31, 2002, annual statement to the Commissioner of Insurance. Also included in this section are schedules that reflect the growth of the company, NAIC Insurance Regulatory Information System (IRIS) ratio results for the period under examination, and the compulsory and security surplus calculation. Adjustments made as a result of the examination are noted at the end of this section in the area captioned "Reconciliation of Surplus per Examination."

CMG Mortgage Insurance Company
Assets
As of December 31, 2002

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$171,006,001	\$	\$171,006,001
Cash	542,086		542,086
Short-term investments	3,998,097		3,998,097
Agents' balances or uncollected premiums:			
Premiums and agents' balances in course of collection	3,760,149		3,760,149
Reinsurance recoverable on loss and loss adjustment expense payments	38,878		38,878
Federal and foreign income tax recoverable and interest thereon	2,389,799	543,093	1,846,706
Electronic data processing equipment and software	298,923		298,923
Interest, dividends, and real estate income due and accrued	1,934,263		1,934,263
Receivable from parent, subsidiaries, and affiliates	1,154,167		1,154,167
Other assets nonadmitted:			
Furniture, equipment, and supplies	67,302	67,302	
Leasehold improvements	91,693	91,693	
Write-ins for nonadmitted assets:			
Purchase licenses	1,237,400	1,237,400	
Employee advances	(675)	(675)	
Prepaid expenses	31,020	31,020	
Write-ins for other than invested assets			
UW fees receivable	<u>189,593</u>	<u> </u>	<u>189,593</u>
Total Assets	<u>\$186,738,696</u>	<u>\$1,969,833</u>	<u>\$184,768,863</u>

CMG Mortgage Insurance Company
Liabilities, Surplus, and Other Funds
As of December 31, 2002

Losses	\$ 5,050,299	
Loss adjustment expenses	336,736	
Other expenses (excluding taxes, licenses, and fees)	641,943	
Taxes, licenses, and fees (excluding federal and foreign income taxes)	602,968	
Federal and foreign income taxes	1,684,171	
Unearned premiums	8,910,227	
Ceded reinsurance premiums payable (net of ceding commissions)	556,837	
Payable to parent, subsidiaries, and affiliates	2,045,116	
Payable for securities	2,343,619	
Write-ins for liabilities:		
Contingency reserve	80,265,450	
Premiums paid in advance	1,163,349	
Reserve for escheatable and stale checks	<u>59,536</u>	
 Total Liabilities		 \$103,660,251
 Common capital stock	 2,750,000	
Gross paid in and contributed surplus	42,568,218	
Unassigned funds (surplus)	<u>35,790,394</u>	
 Surplus as Regards Policyholders		 <u>81,108,612</u>
 Total Liabilities and Surplus		 <u>\$184,768,863</u>

CMG Mortgage Insurance Company
Summary of Operations
For the Year 2002

Underwriting Income

Premiums earned		\$39,653,425
-----------------	--	--------------

Deductions:

Losses incurred	\$ 2,164,342	
Loss expenses incurred	351,022	
Other underwriting expenses incurred	11,440,524	
Write-ins for underwriting deductions:		
Increase in reserve for contingencies	19,826,712	
Withdrawal of the 1992 contingency reserve	<u>(2,222,500)</u>	

Total underwriting deductions		<u>31,560,100</u>
Net underwriting gain or (loss)		8,093,325

Investment Income

Net investment income earned	6,383,904	
Net realized capital gains or (losses)	<u>187,264</u>	
Net investment gain or (loss)		<u>6,571,168</u>

Net income (loss) after dividends to policyholders but before federal and foreign income taxes		14,664,493
Federal and foreign income taxes incurred		<u>4,061,419</u>

Net Income		<u>\$10,603,704</u>
------------	--	---------------------

CMG Mortgage Insurance Company
Cash Flow
As of December 31, 2002

Premiums collected net of reinsurance	\$44,999,281	
Deduct:		
Loss and loss adjustment expenses paid (net of salvage or subrogation)	1,750,766	
Underwriting expenses paid	<u>10,909,342</u>	
Cash from underwriting		\$32,339,173
Net investment income		6,463,381
Deduct:		
Federal income taxes paid (recovered)		<u>-2,956,001</u>
Net cash from operations		\$ 35,846,553
Proceeds from investments sold, matured, or repaid:		
Bonds	27,696,927	
Miscellaneous proceeds	<u>2,338,276</u>	
Total investment proceeds		30,035,203
Cost of investments acquired (long-term only):		
Bonds		67,362,809
Net cash from investments		(37,327,606)
Cash provided from financing and miscellaneous sources:		
Net transfers from affiliates	1,127,734	
Other cash provided	<u>1,640,631</u>	
Total		2,768,365
Cash applied for financing and miscellaneous uses:		
Net transfers to affiliates	466,627	
Other applications	<u>191,756</u>	
Total		<u>658,383</u>
Net cash from financing and miscellaneous sources		<u>2,109,982</u>
Net change in cash and short-term investments		628,929
Reconciliation		
Cash and short-term investments, December 31, 2001		<u>3,911,254</u>
Cash and short-term investments, December 31, 2002		<u>\$ 4,540,183</u>

**CMG Mortgage Insurance Company
Policyholders' Position Calculation
December 31, 2002**

Surplus as regards policyholders	\$54,500,054	
Contingency reserve	<u>50,100,627</u>	
Total policyholders position		\$104,600,681

Net minimum policyholders' position:

Individual loans:			
Loan-to-value more			
than 75%	<u>\$88,490,647</u>		
Total individual loans		88,490,647	
Group of Loans:			
Equity 20 - 50%, or equity			
plus prior insurance			
or deductible 25 – 55%	<u>95,649</u>		
Total group loans		<u>95,649</u>	
Total minimum policyholder position			<u>88,586,298</u>
Excess of total policyholders' position			
over minimum policyholders' position			<u>\$ 16,014,383</u>

**CMG Mortgage Insurance Company
Reconciliation and Analysis of Surplus
For the Three-Year Period Ending December 31, 2002**

The following schedule is a reconciliation of total surplus during the period under examination as reported by the company in its filed annual statements:

	2002	2001	2000	1999
Surplus, beginning of year	\$70,204,538	\$54,500,054	\$43,703,087	35,898,221
Net income	10,603,074	13,217,999	9,854,535	3,353,211
Net unrealized capital gains or (losses)			99,624	(99,622)
Change in net deferred income tax	(73,453)	(2,618,816)		
Change in non-admitted assets	374,453	1,102,274	842,808	(448,723)
Cumulative effect of changes in accounting principles		4,003,027		
Surplus adjustments:				
Paid in				5,000,000
Surplus, end of year	<u>\$81,108,612</u>	<u>\$70,204,538</u>	<u>\$54,500,054</u>	<u>43,703,087</u>

**CMG Mortgage Insurance Company
Insurance Regulatory Information System
For the Three-Year Period Ending December 31, 2002**

The following is a summary of NAIC Insurance Regulatory Information System (IRIS) results for the period under examination. Exceptional ratios are denoted with asterisks. A discussion of the exceptional ratios may be found after the IRIS ratios.

Ratio	2002	2001	2000	1999
#1 Gross Premium to Surplus	61.0%	55.0%	61.0%	60.0%
#2 Net Premium to Surplus	56.0	50.0	56.0	54.0
#3 Change in Net Writings	30.0	16.0	28.0	43.0*
#4 Surplus Aid to Surplus	0.0	0.0	0.0	0.0
#5 Two-Year Overall Operating Ratio	56.0	59.0	69.0	86.0
#6 Investment Yield	4.1*	4.6	4.9	5.1
#7 Change in Surplus	16.0	27.0	24.0	21.0
#8 Liabilities to Liquid Assets	58.0	53.0	54.0	52.0
#9 Agents' Balances to Surplus	5.0	4.0	4.0	4.0
#10 One-Year Reserve Devel. to Surplus	-2.0	-1.0	-1.0	-1.0
#11 Two-Year Reserve Devel. to Surplus	-1.0	-1.0	0.0	-1.0
#12 Estimated Current Reserve Def. To Surplus	-3.0	-3.0	0.0	0.0

IRIS Ratio No. 3, Change in Net Writings, reflects the increase or decrease in net premium written reported as a percentage of net premiums written in the prior year. The unusual result in 1999 was due to growth of premiums resulting from the company's resumption of writing mortgage guaranty insurance in 1994 and business growth experienced during subsequent years.

IRIS ratio number 6 evaluates the yield on investments compared to annual average cash and total invested assets. The company's unusual result in 2002 for ratio number 6 reflects the relatively low investment yield environment that prevailed in the financial markets in 2002 and a high quality bond portfolio.

Growth of CMG Mortgage Insurance Company

Year	Admitted Assets	Liabilities	Surplus As Regards Policyholders	Net Income
2002	\$184,768,863	\$103,660,251	\$81,108,612	\$10,603,074
2001	143,382,920	73,178,383	70,204,537	13,217,999
2000	114,490,296	59,990,242	54,500,054	9,854,535
1999	88,276,801	44,573,714	43,703,087	3,353,211

Year	Gross Premium Written	Net Premium Written	Premium Earned	Loss And LAE Ratio	Expense Ratio	Combined Ratio
2002	\$49,485,390	\$45,506,938	\$39,653,425	6.3%	63.8%	70.2%
2001	38,502,638	35,060,005	35,018,221	9.9	63.8	73.7
2000	33,385,276	30,303,007	29,844,686	4.9	70.9	75.8
1999	26,108,932	23,730,916	23,322,780	6.3	90.4	96.7

The above data reflects significant growth over the examination period. Assets increased 109% and surplus increased 86%. CMG's premium written increased 90% and the company's expense ratio has decreased significantly and appears to have stabilized. In 2002, the company had experienced an increase in writing single premium policies. This led to increases in unearned premium reserve.

Reconciliation of Surplus per Examination

The current examination did not make any reclassification of account balances or adjustment to surplus as reported by the company at December 31, 2002.

VII. SUMMARY OF EXAMINATION RESULTS

Compliance with Prior Examination Report Recommendations

There were three specific comments and recommendations in the previous examination report. Comments and recommendations contained in the last examination report and actions taken by the company are as follows:

1. Conflict of Interest Disclosures—It is recommended that the company's officers, directors, and key employees annually execute and submit conflict of interest disclosure to the company, and that the company retain such disclosures during the period from one examination to the subsequent examination, in compliance with the directive of the Commissioner.

Action—Compliance

2. Affiliated Agreements—It is recommended that the company comply with the terms of its intercompany agreements or amend such agreements to reflect the actual practice for provision of services and allocation of costs, and that the company ensure that all of its agreements with affiliates are maintained so as to reflect the substance of all transactions and allocations between respective contracting parties.

Action—Compliance

3. Information Technology—It is recommended that the company establish a minimum password length requirement of at least five characters to access the company's computer systems and data files.

Action—Compliance

Summary of Current Examination Results

Biographical Reports

Pursuant to s. Ins 6.52, Wis. Adm. Code, the biographical data relating to company officers and directors should be filed with this office within 15 days after such appointment or election. One director's biographical report was not filed within this time frame. During fieldwork the company provided a biographical report for this director, however, the report did not include all the information as required by s. Ins 6.52, Wis. Adm. Code. It is recommended that the company file biographical reports of its directors within 15 days of election and that the biographical sketch include the information outlined in form B of s. Ins 6.52, Wis. Adm. Code.

Executive Compensation

The examination review of the Wisconsin Report on Executive Compensation (Form 22-060) for 2002 noted the company is not completing this form but is completing the NAIC Supplemental Compensation Exhibit in place of the Wisconsin Report on Executive Compensation annual supplement. It is noted that the directions for the NAIC Supplemental Exhibit and those for the Wisconsin Report of Executive Compensation vary slightly and the company should be reporting compensation to this office on the required annual supplement. The executive compensation form included the chief executive officer, however it was noted this was not an appointed officer position in the section of this report captioned "Management and Control." Testing also disclosed that the company should have reported the president; due to the fact his salary exceeded the threshold for reporting. In addition, an amount reported for one of the offices did not reconcile to the detail provided. For officers that are PMI employees, the amounts reported on the form excluded the amounts for executive stock options. It is recommended that the company complete the Wisconsin Report on Executive Compensation (Form 22-060) in accordance with its instructions.

Certificate of Deposit

CMG had one certificate of deposit with a maturity greater than one year of the date of acquisition. Statements of Statutory Accounting Principles (SSAP) No. 26, paragraph 2 define bonds to include certificates of deposits with a maturity date in excess of one year from the date

of acquisition. Further, the NAIC Annual Statement Instructions – Property and Casualty state that all certificates of deposits with maturities greater than one year should be included in Schedule D of the annual statement. The amount of the certificate of deposit is immaterial therefore, no reclassification was made. It is recommended that the company report certificates of deposit with maturities greater than one year on Schedule D of the annual statement pursuant to the NAIC Annual Statement Instructions – Property and Casualty.

Advance Premium

The company did not report a separate balance in the 2002 annual statement for advance premium. An examination of the unearned premium notes that the company included advance premium in the unearned premium balance. The amount of advance premium totaled \$97,024, which is immaterial to the company's financial statements. Advance premium is defined in SSAP No. 53, paragraph 13 as premiums where the policies have been processed and the premium has been paid prior to the effective date of the policy. These amounts are not included in written premium or the unearned premium reserve. It is recommended that the company report advance premium as a separate liability in the annual statement pursuant to SSAP No. 53.

Paid Claims Liability

Examination of the company's claim liability listing (Notice of Default (NOD) inventory) noted payments made subsequent to year-end for claims reported prior to year-end were not included in the claim liability listing. Further inquiry noted that claims processed and approved for payment in the San Francisco office prior to year-end were released from the NOD inventory. The claims were then transferred and received after year-end at the Pleasant Hill office where payments are made. The timing difference resulted in the company not establishing a liability at year-end for the approved claims. This resulted in an immaterial understatement of liabilities in the amount of \$160,796. Due to the immaterial balance, no adjustment was made to the company's financial statements. However, it is recommended that the company establish a liability for claims that are approved for payment but not yet paid.

Remittances and Items not Allocated

Examination review of the write-in liability titled "Premiums Paid in Advance" found that this balance consists of premiums in suspense. Pursuant to the NAIC Annual Statement Instructions – Property and Casualty these amounts should be reported in the line item Remittances and Items not Allocated. Due to the immaterial nature of the balance, no reclassification was made. It is recommended that the company report its suspense premiums as Remittances and Items not Allocated pursuant to the NAIC Annual Statement Instructions – Property and Casualty.

Affiliated Transactions

Examination review of the affiliated transactions discovered several items. The affiliated receivable with PMI at year-end 2002 had not been settled as of the examination date. Pursuant to the service agreement, this amount should be settled quarterly. In addition, review of the receivable from CMGA indicated that the amount reported in the annual statement was different than the payable on CMGA's annual statement. This balance was also settled in March, 2003. Pursuant to the services agreement, intercompany balances should be settled within 30 days after the end of each quarter. Therefore, this balance should have been settled in January since it included amounts for October, November, and December. It is recommended that the company settle intercompany balances in accordance with the affiliated contracts and ensure that the amounts reported by the various affiliates reconcile.

Outside Service Center

The company uses Peoplesoft for financial reporting. The hosting for the application is provided externally by Hewlett Packard. The company was requested to provide a Statement on Auditing Standards (SAS) 70 to support the control environment surrounding the hosting. The company provided a review performed by Ernst & Young titled, "Online Benefits Remote Access Review." In the review, there were findings that identified the company should receive a Type 1 SAS 70, of which the company responded that one would be requested in the second quarter of

2002. The Type 1 SAS 70 was not provided by the company. It is recommended that the company obtain SAS 70 audits from outside service centers performing critical functions for the company.

VIII. CONCLUSION

CMG Mortgage Insurance Company's financial statements as of December 31, 2002, reported total admitted assets of \$184,768,863, total liabilities of \$103,660,251, and capital and surplus of \$81,108,612. No reclassifications or adjustments were made to surplus as a result of the examination.

On April 14, 1994, CUNA Mutual Investment Corporation purchased 100% of the capital stock of CMG. On June 23, 1994, PMI purchased from CMIC 45% of the issued and outstanding stock of CMG, and on September 8, 1994, CMIC and PMI executed the CMG Shareholders Agreement that established a contractual joint venture arrangement and joint management of CMG under a strategic alliance of CMIC and PMI.

CMG resumed writing new business in 1994, and redomiciled to Wisconsin effective November 30, 1994. PMI's ownership interest in CMG increased to 50% in 1998, and presently CMIC and PMI each hold equal 50% ownership interests in the capital stock of CMG. CMIC and PMI also each own 50% equity interest in CMG Mortgage Reinsurance Company and CMG Mortgage Assurance Company. CMG, CMG Re, and CMGA, the three insurers that comprise the CMG mortgage insurance group, are each managed and operated by CMIC and PMI as a joint venture enterprise, pursuant to respective Shareholder Agreements established for each of the three insurers in the group. A strategic alliance of CMIC and PMI, the group exists to provide mortgage guaranty products and services to credit unions who originate residential mortgage loans. CMG currently licensed in all 50 states and the District of Columbia, and issues mortgage guaranty insurance policies on first-lien residential mortgage loans.

The company complied with all of the prior examination recommendations. The current examination resulted in eight recommendations as summarized on the following page.

IX. SUMMARY OF COMMENTS AND RECOMMENDATIONS

1. Page 32 - Biographical Reports—It is recommended that the company file biographical reports of its directors within 15 days of election and that the biographical sketch include the information outlined in form B of s. Ins 6.52, Wis. Adm. Code.
2. Page 32 - Executive Compensation—It is recommended that the company complete the Wisconsin Report on Executive Compensation (Form 22-060) in accordance with its instructions.
3. Page 33 - Certificate of Deposit—It is recommended that the company report certificates of deposit with maturities greater than one year on Schedule D of the annual statement pursuant to the NAIC Annual Statement Instructions – Property and Casualty.
4. Page 33 - Advance Premium—It is recommended that the company report advance premium as a separate liability in the annual statement pursuant to SSAP No. 53.
5. Page 33 - Paid Claims Liability—However, it is recommended that the company establish a liability for claims that are approved for payment but not yet paid.
6. Page 34 - Remittances and Items not Allocated—It is recommended that the company report its suspense premiums as Remittances and Items not Allocated pursuant to the NAIC Annual Statement Instructions – Property and Casualty.
7. Page 34 - Affiliated Transactions—It is recommended that the company settle intercompany balances in accordance with the affiliated contracts and ensure that the amounts reported by the various affiliates reconcile.
8. Page 35 - Outside Service Center—It is recommended that the company obtain SAS 70 audits from outside service centers performing critical functions for the company.

X. ACKNOWLEDGMENT

The courtesy and cooperation extended during the course of the examination by the officers and employees of the company are acknowledged.

In addition to the undersigned, the following representatives of the Office of the Commissioner of Insurance, State of Wisconsin, participated in the examination:

Name	Title
Ryan Hanson	Insurance Financial Examiner
Amy Wolff	Insurance Financial Examiner
Randy Milquet	Insurance Financial Examiner—Advanced

Respectfully submitted,

Danielle C. Rogacki
Examiner-in-Charge